

2004 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (RTIP)

STIP CRISIS – STP/CMAQ BACKFILL PROPOSAL



STIP Crisis – STP/CMAQ Backfill Proposal

In consultation with the Bay Area Transportation Partnership and individual project sponsors, MTC staff has recommended the use of approximately \$62 million in Surface Transportation Program (STP), Congestion Mitigation and Air Quality (CMAQ), and Transportation Enhancement (TE) funding as substitute programming for critical STIP projects that have been unable to receive allocations due to the crisis in the State Highway Account. MTC will formally act on this proposal at its April 28, 2004 committee meeting. This action would replace over \$41 million in STIP funding and over \$21 million in Traffic Congestion Relief Program funding from critical STIP projects.

Background

In December 2003, the Commission approved Phase 1 commitments for Transportation 2030 (T-2030). The Commission adopted a number of regionally significant program elements that would be funded from future STP/CMAQ/TE funding. Subsequently, the Partnership Board met on January 26th to discuss the T-2030 Phase 1 commitments in more detail. At this meeting, the congestion management agencies (CMA's) presented a proposal on how to proceed with implementing Phase 1 T-2030 commitments under Second Cycle STP/CMAQ/TE programming in the context of the State of California's fiscal crisis. The Partnership requested MTC consider this proposal.

Programming activity had been scheduled to follow the Commission's December 2003 adopted T-2030 recommendations. The Second Cycle federal discretionary programming would commit anticipated FY 2005-06 and 2006-07 STP/CMAQ/TE revenues. The T-2030 Phase 1 commitments would fully utilize the anticipated appropriated revenues in the second cycle in the following program areas:

- Clean Air
- Regional Operations
- CMA Planning
- Transit Capital Shortfall
- Local Streets and Roads Shortfall
- Transportation for Livable Communities/ Housing Incentives Program (TLC/HIP)
- Regional Bicycle and Pedestrian Program

The CMA's proposal would permit full funding for the Clean Air Program, Regional Operations Program, CMA Planning, Transit Capital Shortfall, and Local Streets and Roads Shortfall programs in the Second Cycle. However, they recommended that the region consider deferring or suspending, in full or in part, the funding for the Regional Bicycle and Pedestrian Program and TLC/HIP program in the Second Cycle program. The funds being deferred or suspended from the TLC/HIP and the Regional Bicycle and Pedestrian program would be used on STIP projects that have been previously committed but face shortfalls due to the lack of available funding at the state level.

Making Room for STIP Projects

We have considered the CMA proposal and in concert with discussions with the Partnership and other stakeholders since January 26th, have developed a strategy for deferral and repayment of some of the STP/CMAQ/TEA funding to the Third Cycle of federal discretionary funding, FY

2007-08 and FY2008-09. In summary, \$62 million in federal discretionary funding would be freed up, as follows:

- The adopted First Cycle programming done by the Commission in June 2003 did not fully program the available revenues in FY 2004-05. The remaining \$11 million in unprogrammed STP/CMAQ funds is being made available for STIP programming now.
- The T-2030 commitment levels for the Regional Operations Program was to ongoing contracts for the various program elements, such as TransLink® and 511. Primarily through the temporary usage of SAFE funds MTC has in reserve, MTC is able to defer \$5 million out of FY 2005-06 with payback in FY 2007-08. This will not affect the availability of funds for any ongoing contract activity.
- The Second Cycle of federal discretionary programming was to have included more than \$27 million annually for the TLC/HIP program, to make up for no TLC/HIP programming in the First Cycle. The recommendation is to suspend the earlier years of TLC/HIP funding, covering FY 2003-04 and FY 2004-05. This suspension frees up \$54 million of STP/CMAQ/TE funding. The original Second Cycle TLC/HIP programming level was set at \$72 million. Staff's recommendation is to keep the full \$27 million annual commitment in the first year of Second Cycle of federal discretionary programming, which is FY 2005-06, in order to meet the Transportation Control Measure "C" requirement in the approved 2001 Ozone Attainment Plan for our region. In FY 2006-07, staff recommends up to a \$9 million HIP program. The freed up amount of \$36 million would be made available for backfilling the STIP. There would be higher funding levels for TLC/HIP in the Third Cycle so that the average annual programming amount over the four years would be \$27 million.
- The Regional Bike/Pedestrian program received a commitment under Phase 1 T-2030 of \$200 million over 25 years. In lieu of \$8 million annually starting in FY2005-06, this recommendation would halve the program in the first two years to \$8 million instead of \$16 million, making up for it in the outer two years of SAFETEA, FY 2007-08 and FY 2008-09. Thus, the average annual commitment over the four-year period would remain \$8 million.

All Second Cycle "loans" to STIP projects would be repaid to the Regional Operations, TLC/HIP, and Regional Bike programs in the Third Cycle. The \$62 million freed up in the earlier years will go towards STIP projects that are awaiting funding, and will provide much needed economic stimulus and congestion relief.

STIP projects proposed for funding

In consultation with the Partnership and individual project sponsors, we have assembled a list of projects that are ready-to-go existing STIP projects that would be moving forward if sufficient STIP funding was available. Only existing STIP projects were considered. In screening the nearly 200 projects in the upcoming 2004 RTIP, staff developed a number of Guiding Principles in making its final recommendation (see Attachment 1). High priority projects were deemed to be safety- related, necessary to meet air quality commitments, and critical rehabilitation of our existing system. As well, there are a number of high profile STIP projects that are relying on future TCRP allocations to make them whole, with the TCRP funds completing complex funding packages for these projects. The \$62 million made available will be committed to backfilling the STIP projects shown in Attachment 2. Note that the possible removal of these projects from the

RTIP was mentioned in the Draft 2004 RTIP. The removal of these projects from the STIP also will enable other much-needed priorities to be advanced in the STIP.

The funding for the projects that may not receive their future TCRP funding allocations will be held in reserve until such time that the outcome of the TCRP program and the likelihood of new allocations to TCRP projects is known. At the earliest, this will be at the conclusion of the FY 2004-05 State Budget deliberations.

Note that the STP/CMAQ funding is only a portion of the larger regional response to the STIP shortfall. Upon the CTC release of the STIP Fund Estimate in December 2003, it became evident that STIP revenues, consisting of the State Highway Account (SHA), the Public Transportation Account (PTA), and the Transportation Congestion Relief Fund (TCRF), would not reach the fund levels originally anticipated. MTC staff began work in earnest with the STIP project sponsors months in advance of this news to see if there were ways to use other local or regional funds to keep projects going. Many sales tax authorities came forward to offer local sales tax funding to be used as a substitute for STIP funding, paid back at a later date in the STIP. As well, Santa Clara County has exercised the use of the GARVEE bonding mechanism to advance critical projects in their County.

We recommend that the Commission consider in its adoption of the 2004 RTIP in April 2004 the removal of the projects listed in Attachment 2 from the STIP and resultant inclusion of the same projects in the Second Cycle of STP/CMAQ programming. That same action should provide for the repayment of the displaced programmatic funding in the Third Cycle of federal programming.

Guiding Principles

For the development of the STP-CMAQ/STIP backfill proposal
April 28, 2004

1. Only those projects and those phases that are already in the 2002 STIP are being considered for backfill funding, with the exception of the TCRP Reserve category.
2. The STP/CMAQ funding will be programmed as a grant to the project. The project list will be adopted as part of STP/CMAQ Second Cycle policy adoption by the MTC Commission in April 2004.
3. The funding available is Federal Fiscal Year's 2005-06 and 2006-07 appropriated STP and CMAQ funding, what MTC is considering as "Second Cycle " federal discretionary programming. The revenue assumptions are consistent with revenue assumptions developed for First Cycle programming of these funds.
4. The revenues available as STIP backfill are being deferred out of Second Cycle from the T-2030 Phase 1 Consensus elements adopted by the Commission in December 2003. These deferrals will be made up for in Third Cycle.
5. The funds freed up from T-2030 Phase 1 Consensus deferrals are pooled to address the highest priority STIP needs regionally. Funds will not be returned to the Counties in accordance with any formula share or crediting scenario.
6. The TCRP Reserve is money that will be held pending the outcome of the Governor's proposal to eliminate the TCRP program, or the outlook on further deferral of Prop 42 revenues in FY 2005-06. MTC will not act to program these funds until after this legislative session, and perhaps until after there is additional clarity on the potential for further Prop 42 deferral in the FY 2005-06 State Budget.

The TCRP project funding levels listed are those dollar levels representing Unallocated TCRP funding. Projects with a discrete funding amount necessary to match other committed funding and enable a crucial project to go forward were included in this grouping. Allocated TCRP funding in danger of being unreimbursed was considered but was recommended to not be included on the list.

Should TCRP funds be available for the project then the STP/CMAQ will return to MTC for T-2030 commitments as determined by the Commission.

7. Projects have been selected in an attempt to address geographical equity, while respecting those categories that the MTC Commission should consider as very high priorities in this current environment of fiscal decline.

Critical categories selected include the following:

- Safety projects that would otherwise be delayed due to the unavailability of STIP funds
 - Air quality projects included in a current conformity finding not scheduled for revisiting.
NOTE: the Bay Area Air Basin projects will be part of the upcoming conformity finding made in conjunction with the adoption of the 2005 TIP
 - Rehab projects that are critical to the local agency and do not otherwise fit into the Transit and Local roads rehab element of the Second Cycle STP/CMAQ T-2030 consensus elements
 - Critical funding as a backfill to unallocated TCRP necessary to complete complex funding packages on STIP/ TCRP projects
8. Projects are primarily ready-to-go construction projects that will provide needed safety improvements, address air quality needs, cover necessary rehab, and provide needed TCRP funds to high priority STIP projects
 9. It is not recommended that any regional federal funds be utilized to backfill delayed ITIP funding. There is no guarantee ITIP funding will return to the region.

2004 RTIP Crisis Management STP/CMAQ Backfill April 28, 2004

(amounts in thousands)

County	PPNO	TIP ID	RTP ID	Deliverable Phase	Mode	Implementing Agency	Project Title	STP-CMAQ Amount
Safety Enhancements								
Alameda	2011C	ALA030012	98198	CON (Phase 1)	Local Road	County of Alameda	Vasco Road Safety Imps - Phase 1	\$3,900
San Francisco	2014R	SF-010029	21507	ENV	Urban Rail	BART	BART - Downtown Stations Seismic Analysis	\$442
San Francisco	2014N	SF-010033	94635	CON	Urban Rail	BART	BART - San Francisco Stations Platform Edge Tiles Replacement	\$2,000
San Francisco	2014H	SF-010024	94080	CON	Bus	SF Muni	SF Muni - 1401 Bryant Overhead Lines Building Seismic Rehab	\$9,200
San Mateo	0225G	SM-010002	21893	CON	State Hwy	Caltrans	SR 92 - Shoulder Widening and Curve Correction - Pilarcitos Crk	\$2,619
Santa Clara	0070	SCL010040	21715	CON	State Hwy	VTA	SR 152/SR 156 - Improvements	\$11,700
Total:								\$29,861
CUM.TOTAL								\$29,861
Air Quality								
Solano	5301	SOL990004	94151	CON (Phase 2)	Local Road	Solano TA	Jepson Parkway - between SR 12 and I-80 on Walters, Vanden and Leisure Town Roads - Phase 2	\$4,650
Total:								\$4,650
CUM.TOTAL								\$34,511
Transit Rehab								
Alameda	2113A	ALA990020	94526	CON	Bus	AC Transit	AC Transit - Engine Transmission Rehabilitation	\$628
Alameda	2009D	ALA030001	94526	CON	Bus	AC Transit	AC Transit - Bus Component Rehabilitation	\$4,000
San Francisco	2014P	SF-010026	94572	CON	Ferry	GGBHTD	GGBHTD - San Francisco Ferry Terminal Facilities Rehab	\$2,250
Total:								\$6,878
CUM.TOTAL								\$41,389
TCRP Backfill (Reserve) *								
Contra Costa	2011G	CC-030030	98197	CON	Urban Rail	BART	BART - Richmond Station Parking Structure	TBD
Marin	0342L	MRN990001	94563	CON	State Hwy	Caltrans	US 101 - HOV Lane Gap Closure - Cal Park to N. San Pedro	TBD
Napa	0367D	NAP010008	94074	ENV	State Hwy	Caltrans	SR 12 - Jamieson Canyon Widening	TBD
Sonoma	0789A	SON990001	94165	CON	State Hwy	Caltrans	US 101 - HOV Lanes - SR 12 to Steele Lane	TBD
Total:								\$21,045
CUM.TOTAL								\$62,434
GRAND Total:								\$62,434

* Note: Year of Programming subject to availability of federal Apportionment and Obligation Authority (OA)

* Note: TCRP Reserve amounts dependent upon TCRP Availability and Caltrans cost savings.